



# Memorandum

**TO:** HONORABLE MAYOR  
AND CITY COUNCIL

**FROM:** Katy Allen  
William Sherry

**SUBJECT:** SEE BELOW

**DATE:** 06-01-10

Approved

Date

6/8/10

**COUNCIL DISTRICT:** Citywide

**SUBJECT: NORMAN Y. MINETA SAN JOSE INTERNATIONAL AIRPORT GREEN ISLAND LONG-TERM PARKING LOT IMPROVEMENT (PHASE 1 & 2)**

## **RECOMMENDATION**

- (a) Adopt a resolution authorizing the Director of Public Works to determine the lowest responsive and responsible bidder for the Phase 1 "Contract for the Norman Y. Mineta San José International Airport Interim Rental Car Parking Lot Demolition Project" and to either:
  - (i) award the contract to the lowest responsive and responsible bidder in an amount not to exceed \$1,500,000; or (ii) reject all bids and re-bid the Project.
- (b) Approve a contingency equal to ten percent (10%) of the award amount.
- (c) Adopt a resolution authorizing the Director of Public Works to determine the lowest responsive and responsible bidder for the Phase 2 "Contract for the Norman Y. Mineta San José International Airport Green Island Long Term Parking Lot Improvement Project" and to either: (i) award the contract to the lowest responsive and responsible bidder in an amount not to exceed \$5,500,000, or (ii) reject all bids and re-bid the Project.
- (d) Approve a contingency equal to ten percent (10%) of the award amount.

## **OUTCOME**

Adoption of this resolution will enable the Airport parking lot improvement project to meet its aggressive construction schedule for completion in January 2011.

## **BACKGROUND**

The Norman Y. Mineta San José International Airport (SJC) is currently undergoing significant changes to its long-term and short-term parking accommodations, as well as moving the Rental Car operations to the new Terminal "B" parking garage (CONRAC). In preparation for these changes, the present location for the Rental Car campus, also known as the "Green Island", will be vacated and converted into a Long-Term Parking Lot.

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The project is divided into two phases. The Phase 1 project, SJC Interim Rental Car Parking Lot Demolition Project, is a demolition contract that will remove all items related to the rental car companies' occupancy of the Green Island for the past 10 years. The Phase 2 project, SJC Green Island Long-Term Parking Improvement, will consist of improvements to the parking lot to convert the site to long-term parking.

### **ANALYSIS**

A condition in the operating and lease agreements between the Rental Car companies and the Airport requires that upon vacating the Green Island lot, all improvements installed as part of the Rental Car occupancy of the lot be removed at their cost and that the lot be returned to its pre-existing condition. The Phase 1 portion of the project is being bid separately in order to accurately detail and calculate the costs of the demolition of the rental car company-installed improvements to the Green Island lot. These costs can then be apportioned between the rental car companies pursuant to the terms of the operating and lease agreements. The Phase 1 project includes the demolition, removal and disposal of two 6,000 square-foot rental car office buildings, concrete foundations and pads, parking lot lighting and foundations, K-Rail barricades, asphalt concrete and concrete grinding, PG&E transformers and miscellaneous infrastructure.

The City agreed to hire its own contractor to do the demolition work as a single contract rather than having rental car companies perform the demolition work independently and potentially cause delays. The Phase 1 demolition plans have been developed in order to accurately reflect every item of work that is to be removed, so that the City can be reimbursed from each rental car company for their share of cost. The rental car companies are scheduled to move to their new location within the CONRAC, in late June 2010. The demolition work is scheduled to begin early July 2010.

Immediately following the completion of the demolition work, the Phase 2 project, SJIA Green Island Long-Term Parking Improvement will begin construction to improve the pavement, curb and gutter, striping and add approximately 1600 parking spaces. In addition, this project will install approximately 160 new LED lights, plant approximately 170 trees throughout the parking lot and add a revenue control system, bus shelters and concrete bus pads. This project is expected to be completed by early 2011.

Upon completion of the Green Island Long-Term Parking Improvement, the existing parking lot on the west side of the Airport, bounded by the Airport runways, De La Cruz Boulevard and Coleman Avenue will be closed. Currently, shuttle bus services are required to shuttle airport passengers between the parking lot and Airport terminal buildings. The completion of Green Island parking lot, located closer to all Airport facilities, will reduce the number and cycle time of bus trips within the Airport property. It is estimated that the relocation of long-term parking to the Green Island parking lot would save the Airport approximately \$4,000 per day (\$1.5 million/year) by reducing the number of buses on the route at any one time. In addition, the

relocation will ease traffic congestion during peak hours and reduce pavement maintenance.

The current schedule for both projects requires award of contracts in June and July 2010, in order to meet the aggressive construction schedule and deadlines. Adoption of a resolution, authorizing the Director of Public Works to award the two projects in June and July, will allow the projects to start on time and finish on-schedule. Delegation would include the authority to decide any bid protests, to make the City's final determination as to the lowest responsive and responsible bidder, or to reject all bids and re-bid the project.

### **EVALUATION AND FOLLOW-UP**

This project is currently within budget and on-schedule. No additional follow-up actions with the City Council are expected at this time.

### **PUBLIC OUTREACH/INTEREST**

- ☐ **Criterion 1:** Requires Council action on the use of public funds equal to \$1 million or greater. **(Required: Website Posting)**
- ☐ **Criterion 2:** Adoption of a new or revised policy that may have implications for public health, safety, quality of life, or financial/economic vitality of the City. **(Required: E-mail and Website Posting)**
- ☐ **Criterion 3:** Consideration of proposed changes to service delivery, programs, staffing that may have impacts to community services and have been identified by staff, Council or a Community group that requires special outreach. **(Required: E-mail, Website Posting, Community Meetings, Notice in appropriate newspapers)**

To solicit contractors, both projects will be listed on the City's Internet Bid Line and advertised in the *San José Post Record*. Bid packages for all Department of Public Works construction projects are provided to various contractor organizations and builder's exchanges. This memorandum will be posted on the City's website for the June 22, 2010 City Council meeting.

### **COORDINATION**

This project and memorandum have been coordinated with the Departments of Planning, Building and Code Enforcement, Finance, the City Attorney's Office and the City Manager's Budget Office.

### **FISCAL/POLICY ALIGNMENT**

The San José Municipal Code requires that capital projects at the Airport be consistent with the adopted Airport Master Plan. Phase 1 of the proposed (demolition of former rental car lot improvements) is expressly identified in the Master Plan as part of "Project T-14", and Phase 2

of the proposed project (conversion of the site to long-term public parking) is expressly identified in the Master Plan as part of "Project T-8". Thus, the proposed project is consistent with the Master Plan pursuant to Municipal Code Section 25.04.210(B)(1).

This project is consistent with the Guiding Principals for Budget and Financial Management, Mayor's 2006-2007 Revised June Budget Message, in that it supports economic recovery and job creation.

This project is consistent with several initiatives identified in the Economic Development Strategy adopted by Council in November 2003, and aligns most significantly with:

- Strategic Initiative #1: Build a World-Class Airport and Air Services, and
- Strategic Initiative #5: Support the Growth (and Start-up) of Local Businesses – Small and Large (5.12 – increase access to City contracting and purchasing opportunities through improvements to communications and procurement process).

### **COST IMPLICATIONS**

1. **AMOUNT OF RECOMMENDATION/  
COST OF PROJECT PHASE 1**

Project Delivery (Design)	\$140,000
Project Delivery (Construction)	\$90,000
Construction	\$1,500,000
Contingency (10%)	<u>150,000</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$1,880,000</b>

**COST OF PROJECT PHASE 2**

Project Delivery (Design)	\$400,000
Project Delivery (Construction)	\$250,000
Construction	\$5,500,000
Contingency (10%)	<u>550,000</u>
<b>TOTAL PROJECT COSTS</b>	<b>\$6,700,000</b>

2. **COST ELEMENTS OF CONTRACT:** This information will be provided during project award

3. **SOURCE OF FUNDING:** 528 -Memo Fund to Fund 526 (Airport Revenue Bond Improvement Fund)

4. **OPERATING COSTS:** The proposed operating and maintenance costs of this project have been reviewed and will have no significant impact on the General Fund operating budget.

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### **BUDGET REFERENCE**

The table below identifies the fund and appropriations proposed to fund the contract(s) recommended as part of this memo and remaining project costs, including project delivery, construction, and contingency costs.

Fund #	Appn. #	Appn. Name	RC #	Total Appn.*	Amt. For Contract	2009-2010 Adopted Budget (Page)	Last Budget Action (Date, Ord. No.)
526	7025	Public Parking Improvement	TBD	\$18,819,000	\$5,500,000	V-841	10/20/09, Ord. No. 28653
526	4164	Consolidated Rental Car Garage	163300	\$19,783,000	\$1,500,000	V-838	10/20/09, Ord. No. 28653
				\$38,602,000	\$7,000,000		

\* Approximated \$13 million in Public Parking Improvement is being re-budgeted to 2010-2011 and approximated \$17 million in Consolidated Rental Car Garage is being re-budgeted to 2010-2011

### **CEQA**

CEQA: Resolution Nos. 67380 and 71451 PP10-109.

/s/

KATY ALLEN  
Director, Public Works Department

/s/

WILLIAM SHERRY  
Director of Aviation

For questions, please contact TIMM BORDEN, DEPUTY DIRECTOR, PUBLIC WORKS DEPARTMENT, at (408) 535-8300.

JTC:OG  
Attachment  
Location Map

